



## Understanding Forest Land Valuation for CH61/CH61A For Landowners and Foresters

Massachusetts current use programs (Ch. 61, Ch. 61A, and Ch. 61B) were created to give preferential tax treatment to those landowners who maintain their property as open space for the purposes of timber production, agriculture or recreation. Forest land may be enrolled in either the Ch. 61 or Ch. 61A program and is taxed at the same rate. Taxes for those properties enrolled in Ch. 61/61A are determined based on the current use of the property (i.e., the productive potential of your land for growing trees), instead of the fair market or development value.

### Determining the Current Use Value:

Recommended current use values for forest land are set on an annual basis by the Farm Land Advisory Committee on or before February 1 of a given calendar year. For FY2009 the rate has been set at \$173/acre west of the Connecticut River and \$108/acre east of the Connecticut River. To see how those rates were calculated see "Calculation of Forest Land Valuation FY 2009" below. For current farm and forestland valuation values see:

<http://www.mass.gov/Ador/docs/dls/bla/farmland/fy09/fy09CHAPTER61and61AVALUE.pdf>

### Applying the Rate:

Below are some examples to show how the forest land valuation rate is applied to determine a tax bill. In these examples the tax rates and full market values are from FY 2008. Forest land values are from FY 2009. Tax rates are a per \$1,000 value.

For those enrolled in Ch. 61 prior to 2007 (when the current use law was amended) an example of how the Ch. 61 tax bill was calculated using the 5% of fair market value method is included for comparison purposes. Other factors to consider when comparing taxes under Ch. 61 prior to 2007 to the current method for calculating the tax bill, using forest land valuation, are the 8% stumpage tax and DCR filing fee which are no longer applicable.

#### West of the Connecticut River:

##### Property 1:

Williamsburg MA

FY 2008 Tax Rate \$13.52

FY 2008 full market value – \$33,900 or about \$850/acre

40 acres of backland -

no road frontage or legal right-of-way

Ch61/Ch61A Using Forest Land Valuation	Tax Bill under Ch59	Old Method Ch61 Using 5% Valuation
\$173 (per ac.) * 40 ac. = 6,920	\$33,900/1000 = 33.9 per thousand	\$33,900 * .05 = 1695
6,920/1000 = 6.920 per thousand	33.9 * 13.52 (tax rate) =	1,695/1000 = 1.695 per thousand
6.920 * 13.52 (tax rate) =		1.695 * 13.52 (tax rate) =
\$93.52 Tax	\$458 Tax	\$23 Tax

##### Property 2:

Williamsburg MA

FY 2008 Tax Rate \$13.52

FY 2008 full market value -- \$106,325

10 acres with

significant road frontage

Ch61/Ch61A Using Forest Land Valuation	Tax Bill under Ch59	Old Method Ch61 Using 5% Valuation
\$173 (per ac.) * 10 ac. = 1,730	\$106,300/1000 = 106.3 per thousand	\$106,325 * .05 = 5,316
1,730/1000 = 1.73 per thousand	106.3 * 13.52 (tax rate) =	5,316/1000 = 5.316 per thousand
1.73 * 13.52 (tax rate) =		5.316 * 13.52 (tax rate) =
\$23.39 Tax	\$1,437 Tax	\$72 Tax

## East of the Connecticut River:

### Property 3:

North Brookfield MA

20.53 acres much of it backland

FY 2008 Tax Rate \$9.94

FY 2008 full market value -- \$57,484

Ch61/Ch61A Using Forest Land Valuation	Tax Bill under Ch59	Old Method Ch61 Using 5% Valuation
\$108 (per ac.) * 20.53 ac. = 2,217	\$57,400/1000 = 57.4 per thousand	\$57,484 * .05 = 2,874
2,217/1000 = 2.217 per thousand	57.484 * 9.94 (tax rate) =	2,874/1000 = 2.874 per thousand
2.217 * 9.94 (tax rate) =		2.874 * 9.94 (tax rate) =
\$22.04 Tax	\$571 Tax	\$28.57 Tax

### Property 4:

Millis MA

16.27 acres with significant  
road frontage

FY 2008 Tax Rate \$12.28

FY 2008 full market value -- \$544,000

Ch61/Ch61A Using Forest Land Valuation	Tax Bill under Ch59	Old Method Ch61 Using 5% Valuation
\$108 (per ac.) * 16.27 ac. = 1,757	\$544,000/1000 = 544 per thousand	\$544,000 * .05 = 27,200
1,757/1000 = 1.757 per thousand	544 * 12.28 (tax rate) =	27,200/1000 = 27.2 per thousand
1.757 * 12.28 (tax rate) =		27.2 * 12.28 (tax rate) =
\$21.58 Tax	\$6,680 Tax	\$334 Tax

## Calculation of Forest Land Valuation FY2009

**Formula:** forest land valuation = (annual net growth \* avg. stumpage - cost) / capitalization rate

**Annual Net Growth:** calculated from FIA data based on change in growth from 1972 to 2005  
0.162 MBF/ac/yr

**Average Stumpage Values:** are based upon Massachusetts stumpage values as reported by UMass Extension  
**5 Year Average: 2003 through 3rd Quarter 2007**  
West of Connecticut \$127/MBF      East of Connecticut \$91/MBF

**Cost:** \$5/ac/yr is an estimated cost based upon hypothetical forest using stewardship formula and cost numbers from "The Expense of Private Forestry" Hersey and Kittredge 2005

**Capitalization Rate:** 0.0899 for FY 2009

<b>Valuation per Acre</b>	<b>West</b>	<b>East</b>
	\$173/ac	\$108/ac

## For more information about CH61/Ch61A:

- Contact your Service Forester at 1-800-783-2311
- Visit the following web sites:  
<http://www.mass.gov/dcr/stewardship/forestry/index.htm>  
<http://www.MassWoods.net>
- Contact your local assessor

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